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Letter of Comment No: 3392
File Reference: 1102-100

From: Steven Mather [smather@cisco.com]
Sent: Thursday, June 10, 2004 10:42 AM
To: Director - FASB

Dear Chairman Robert H. Herz,

In reference to File Reference No. 1102-100, I appreciate your desire to expense stock options as a means to account for potential abuses. What you may not realize is this broad-brush approach of expensing stock options at an unrealistically high valuation will have a profoundly negative impact on the rank and file employees. Those of us working to make ends meet while attempting to build a retirement nest egg.

I am not a financial genius but I believe strongly that expensing ALL stock options, which are already accounted for when options are exercised will impact our economy, our competitiveness, the innovation that has made this country a world technology leader and the financial future of my family.

If there is a concern that stock options do not positively represent shareholder interests, I can tell you first hand, that is inaccurate. Cisco Systems is the only company I have worked for that has provided me with stock options. Always having been a hard worker with the company's best interests in mind, I am amazed at how being a shareholder has affected my performance and attitude. I know the work I do not only benefits the company, but as an interested shareholder, directly benefits me. Like many of my colleagues, I happily will go "above and beyond" whenever possible. Knowing that everything I do directly impacts my future, and the future of so many others, is a driving force that I cherish. It's not just a job. It is pride of ownership.

Please don't treat stock options as an expense. I understand that if something is broken, it must be fixed but the fix should not create greater harm. I believe the unfair expensing of stock options will do more harm than good.

An interested shareholder
Steve Mather

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